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ACTION AF-00

INFO	LOG-00	NP-00	AID-00	USNW-00	CIAE-00	COME-00	INL-00
	C-00	DODE-00	DOEE-00	DOTE-00	DS-00	EAP-00	EB-00
	FAAE-00	FBIE-00	UTED-00	VC-00	H-00	TEDE-00	INR-00
	IO-00	LAB-01	L-00	VCE-00	M-00	AC-00	NSAE-00
	OMB-00	NIMA-00	EPAU-00	PA-00	PM-00	GIWI-00	PRS-00
	ACE-00	P-00	SP-00	SSO-00	SS-00	TRSE-00	FMP-00
	EPAE-00	IIP-00	PMB-00	DSCC-00	PRM-00	DRL-00	G-00
	NFAT-00	SAS-00	SWCI-00	/001W			

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FM AMEMBASSY GABORONE

TO SECSTATE WASHDC 2233

INFO SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

AMEMBASSY BEIJING

HQ USEUCOM VAIHINGEN GE

WHITE HOUSE NSC WASHINGTON DC

UNCLAS GABORONE 000934

SIPDIS

SENSITIVE

AF/S FOR MALONEY

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [CH](#) [BC](#)

SUBJECT: LOCAL RESENTMENT TOWARD CHINESE

REFERENCE: 04 GABORONE 01519

1. (U) SUMMARY: Perceived unfair competition, against a background of slower economic growth and rising unemployment, has fed an emerging anti-Chinese sentiment, particularly in Francistown, Botswana's second largest city. Local businessmen there see Chinese shopkeepers as illegally crowding out local entrepreneurs while workers perceive them as providing few jobs and paying meager salaries. The GOB has initiated an inquiry into the issuance of trade licenses to foreigners in response to concerns that Chinese traders had violated relevant regulations. The Chinese Embassy has engaged both the ruling party and the Government in an effort to build good will through exchange visits. Assistance provided by the PRC and the GOB's commitment to generally open trade and investment policies are likely to prevent current tensions from becoming a major obstacle for Botswana-China relations. END SUMMARY.

FRANCISTOWN BITTER ABOUT CHINESE RESIDENTS

2. (U) Mrs. Rebecca Nshakazhogwe, Deputy Mayor of Francistown, Botswana's second largest city, told PolOff on June 28 that her constituents were "bitter" about the many Chinese nationals living there. As a political leader, Nshakazhogwe was disappointed that investment by Chinese had created so few jobs, by her reckoning. Almost all Chinese investors were merchants, she said, selling low quality goods imported from China. She knew of few, if any, who had set up manufacturing operations. Moreover, Chinese-owned shops tended to employ only a few Batswana, invariably as clerks or laborers, rather than in managerial positions. This had created a general resentment toward the Chinese community in Francistown, she said.

LOCAL BUSINESS RESENTS COMPETITION

3. (U) In a separate conversation with PolOff, District Commissioner Sylvia Muzila, also based in Francistown, agreed that there was a growing unease surrounding the presence of Chinese merchants there. Unlike Nshakazhogwe, Muzila traced that resentment more specifically to local business people. Not surprisingly, they did not welcome competition from Chinese shopkeepers who operated on a lower profit margin and worked longer hours. It was the perceived grievance within the business community which had attracted the attention of politicians to this issue.

INVESTIGATING TRADE LICENSES FOR FOREIGNERS

4. (U) Following public criticism of unfair competition by some Members of Parliament from constituencies in and near Francistown, the Cabinet in February decided to indefinitely suspend the issuance and transfer of trade licenses to foreigners. Issuance of licenses for general trading had been reserved for Batswana for some time but the GOB had allowed foreigners to obtain licenses to trade in specialty goods. Chinese traders reportedly obtained these licenses to set up shops but then sold common wares, rather than specialty items. The Ministries of Trade and Industry, Finance and Development Planning, and Local Government are jointly investigating this alleged rule breaking and their

report is due by the end of July.

VIOLENCE WITHIN CHINESE COMMUNITY

15. (U) Although unrelated and subsequent to these policy decisions by the GOB, a violent incident in May involving members of the Chinese community in Francistown seems to have brought anti-Chinese sentiment to a head there. According to Officer Commanding District 1 (greater Francistown) Mr. Boikhutso Dintwa, five Chinese nationals were in police custody and charged with five counts of robbery. The group, all recent immigrants from China who had not found employment in Botswana, had set up a protection racket preying on Chinese shop owners. When they assaulted some merchants who refused to pay, other victims came to the aid of the resisters and attacked the thugs.

16. (U) Mr. Tie Jiang, a Political Officer at the Chinese Embassy, told PolOff on June 30 that his Mission had not received any complaints about the conditions in which the detainees were being kept though he acknowledged that the five did not have an attorney. Deputy Mayor Nshakazhogwe told PolOff that Francistown residents, angered by the perception that the Chinese community was "taking over" their city, had pointed to the incident as evidence to confirm their argument that the presence of the Chinese was

a problem.

OUTREACH TO ELITE: PRC EXCHANGE PROGRAMS

17. (U) Although sensitive to the resentment of Chinese businessmen among the local population, Mr. Jiang pointed out that the GOB welcomed the savings offered by Chinese construction companies who underbid the South African and local firms that previously dominated the market. In addition to financial assistance, such as concessional loans to fund infrastructure projects (reftel), China is trying to build goodwill through direct interaction with Botswana's governing elite. A delegation from the National People's Congress visited Botswana June 27-29 and met with members of Botswana's National Assembly. Earlier this year, five members of the ruling Botswana Democratic Party traveled to China at the invitation of the Chinese Communist Party.

COMMENT

18. (SBU) The GOB appears to be satisfied with its relationship with the PRC - some development assistance and no pressure on human rights or Zimbabwe. Popular resentment toward the local Chinese population, especially acute in Francistown, is largely linked to the country's economic fortunes. Slowing economic growth has brought into stark relief concerns about unfair competition from Chinese nationals and the low wages they pay. Although these complaints resonate with a common theme of the opposition parties - and some BDP members - that the Government's development policies favor foreigners, such perceptions will not likely instigate a significant reversal in the Government's generally open trade and investment policies or create a major obstacle for Botswana-China relations.

HUGGINS

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